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GENERAL

1. Iranian replies to Soviet notes--Qavam told Ambassador Murray on 27 March that he had not as yet concluded a final agreement with the USSR, but intended to reply that day to two of the three notes delivered by the Soviet Ambassador on 24 March (see Daily Summary of 26 March, item 1). The substance of the replies drafted by Qavam follows:

(a) On removal of Soviet troops. Appreciation is expressed for the Soviet decision to withdraw their troops and the Soviets are requested to notify the Security Council formally of this decision, omitting the qualifying phrase--"unless something unforeseen happens"--contained in the Soviet note. (According to Qavam, the Soviet Ambassador now states that the USSR would omit this phrase "as soon as other agreements were concluded.")

(b) On oil concessions. The following counterproposal is made to the Soviet request for a joint Soviet-Iranian company to exploit Iranian oil, which Qavam believes is the "real crux" of the present crisis: (1) each country should have equal participation in the company (instead of 51% Soviet and 49% Iranian as suggested by the USSR); (2) Iran would contribute land as her share of the capital but should not be required to make any financial contribution, and the USSR would provide technical personnel and equipment; (3) the joint adventure should endure for 30 years (instead of 50 years as proposed by the USSR); (4) areas of Azerbaijan contiguous to Turkey and Iraq should not be included among the areas to be exploited, in the interests of avoiding "international friction" (the Soviets proposed that exploitation should cover virtually all of northern Iran); (5) any security forces required for any purpose in connection with the exploitation should be solely Iranian.

Qavam had apparently not yet drafted a reply to the third Soviet note, in which the Soviets offered to intercede in the Azerbaijan situation. In discussing this subject with the Soviet Ambassador, Qavam had expressed his willingness to negotiate with the

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Azerbaijanis "within constitutional limits" and his desire that they send a delegation to open negotiations. In reply, the Soviet Ambassador had declared that if Qavam was prepared "to go no further than that," it was useless to attempt negotiations. Qavam told the Ambassador that he did not wish Soviet interference in the details of his dealings with the Azerbaijanis but only desired the USSR's "general moral support."

Qavam told Murray that he intended to keep his proposed agreements strictly confidential. He said that he had informed Ambassador Ala of the negotiations, but had instructed him (1) not to reveal them to the Security Council or anyone else, and (2) if asked whether an agreement had been reached, to say that he would have to inquire of his Government. Murray indicated to Qavam that such a policy of secrecy (which Murray believes is the result of Soviet pressure) might lead Qavam into serious difficulties.

Murray asked Qavam whether he considered formal Soviet assurance to the Security Council regarding troop withdrawals as sufficient protection. When Qavam asked for Murray's view, the latter suggested that Qavam instruct Ala to see that the question remained one of "continuing interest," even after present Council discussions and Soviet withdrawals. (Later that day Ala told Stettinius that his main objective is to keep the Iranian question "definitely on the continuing agenda of the Council.")

Murray believes that when Qavam reaches what he considers to be a satisfactory agreement with the USSR, Ala will be instructed to announce to the Council that (1) Soviet assurances of troop withdrawals are satisfactory and (2) provided these assurances are fulfilled, Iran considers the case closed.

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